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Annual Report

Investors GROWTH FUND OF CANADA LTD.

1966

Investors

GROWTH FUND OF CANADA LTD.

Board of Directors

T. O. PETERSON,

President and Chairman of the Board,
Winnipeg, Manitoba.

Chairman of the Board, President and Chief Executive Officer: The Investors Group; Investors Syndicate Limited; *President and Chairman of the Board:* Investors International Mutual Fund Ltd.; Investors Mutual of Canada Ltd.; Investors Trust Company; *Director:* Canadian Imperial Bank of Commerce; Western Gypsum Products Ltd.; Beaver Lumber Company Limited; Abitibi Paper Company Ltd.; Anglo American Corporation of Canada Ltd.

C. E. ATCHISON,

Winnipeg, Manitoba.

Executive Vice-President and General Manager: The Investors Group; Investors Syndicate Limited; *Vice-President and Director:* Investors Mutual of Canada Ltd.; Investors International Mutual Fund Ltd.; Investors Trust Company.

PETER D. CURRY,

Winnipeg, Manitoba.

President: Peter D. Curry & Co. Ltd.; *Chairman:* Greater Winnipeg Gas Company; *Vice-President and Director:* Investors Trust Company; *Director:* The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Investors International Mutual Fund Ltd.; The Canadian Indemnity Company; CAE Industries Ltd.

COURTLAND ELLIOTT, C.B.E.,

Toronto, Ontario

Director: Investors Mutual of Canada Ltd.; The Toronto-Dominion Bank; UNAS Investments Ltd.; North American Life Assurance Company; Canadian Surety Co.; *Advisory Board:* The Royal Trust Company.

C. A. GEOFFRION, Q.C.,

Montreal, Quebec.

Vice-President & Director: Corgemines Limitee; *Director:* Investors Mutual of Canada Ltd.; The Royal Trust Company; Abitibi Paper Company Ltd.; Canada Steamship Lines Limited; The Great West Life Assurance Company; Melchers Distillers Limited; Viau Limitee; Merrill Island Mining Corporation, Ltd.; Alliance Credit Corporation.

JAMES A. RICHARDSON,

Winnipeg, Manitoba.

Chairman and Chief Executive Officer: James Richardson & Sons, Limited; *Director:* The Investors Group; Investors Syndicate Limited; Investors Mutual of Canada Ltd.; Investors International Mutual Fund Ltd.; Hudson's Bay Company; Canadian Imperial Bank of Commerce; The International Nickel Company of Canada Limited; Hudson's Bay Oil & Gas Company Limited; Canadian Pacific Railway.

The Rt. Hon. LOUIS S. ST. LAURENT, Q.C., P.C.,

Quebec, Quebec.

Chairman of the Board: Rothmans of Pall Mall Canada Ltd.; Miron Co. Ltd.; *Director:* Investors International Mutual Fund Ltd.; Investors Mutual of Canada Ltd.; The Investors Group; Investors Syndicate Limited; Famous Players Canadian Corp. Ltd.; Industrial Acceptance Corporation Ltd.

S. M. WEDD,

Toronto, Ontario.

Director: Investors Mutual of Canada Ltd.; International Business Machines Co. Ltd.; National Trust Company Limited; Great Lakes Paper Corp. Ltd.; and other Canadian Companies.

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Investors

GROWTH FUND OF CANADA LTD.

HEAD OFFICE: 280 BROADWAY, WINNIPEG, MAN.

Annual Report

for the
Year Ended
August 31, 1966

EXECUTIVE OFFICERS

T. O. PETERSON	President and Chairman of the Board
C. E. ATCHISON	Vice-President
J. N. W. BUDD	Vice-President
E. G. O. HOWARD	Secretary
R. H. JONES	Treasurer

INVESTMENT MANAGER

THE INVESTORS GROUP

DISTRIBUTOR

INVESTORS SYNDICATE LIMITED

Investment Objectives

The principal objective of Investors Growth Fund is to produce capital appreciation over the long term.

Investors Growth Fund seeks to achieve this objective by making available in one security, an investment which is diversified — geographically and by industry — with emphasis on common stocks which possess better-than-average growth prospects.

Comparative Highlights

Fiscal year ended August 31	1966	1965
Total Net Assets	\$136,608,000	\$112,805,000
Number of shareholders	51,776	40,608
Asset value per share	\$8.20	\$8.59
Dividend payable	\$ 3,498,080	\$ 2,757,797
Dividend per share	\$.21	\$.21

Report to the Shareholders

Your Board of Directors is pleased to present to you this report on the operations and progress of your company for the fiscal year ended August 31, 1966.

The Company experienced substantial growth during the period.

The outstanding highlights of the past fiscal year are:

- Total net assets increased by nearly \$24,000,000 — to \$136,608,000.
- The number of shareholders increased by nearly 11,000 — to 51,776.
- The dividend of 21 cents per share was maintained.

Details of the company's financial operations during the year and prospects for the future will be found further on in this report.



T. O. PETERSON
Chairman of the Board

FINANCIAL REVIEW

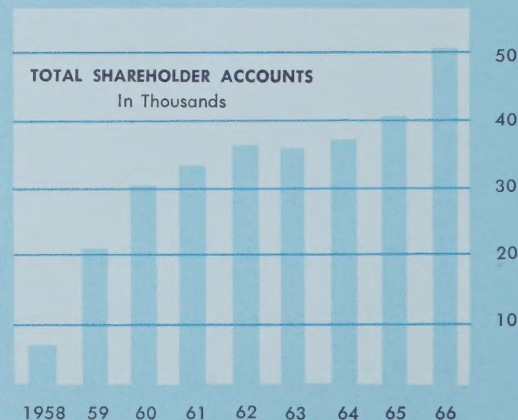
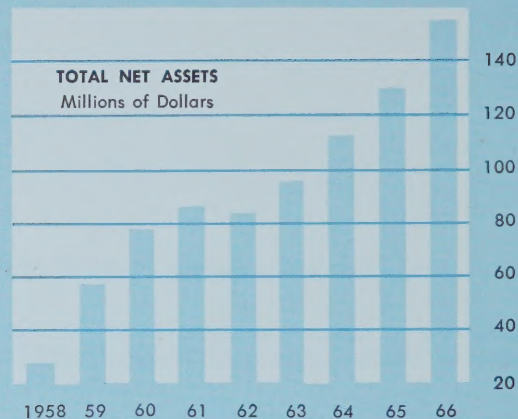
Assets

There was a marked increase in the Fund's net assets during the year. They reached a new record of \$136,608,000, compared with \$112,805,000 at the end of the previous fiscal year. This represents a gain of 21 per cent which is especially gratifying in that it occurred during a period when market prices experienced a general decline.

A great deal of the growth of the Fund was due to its popularity with the public, with the number of shareholder accounts increasing by 27.5 per cent, from 40,608 accounts to 51,776 by year-end. More than 4,000 of the new accounts are in the form of Accumulation Plans whereby shares may be purchased on a contractual basis for amounts as low as \$15 per month.

Besides sales to new shareholders, the net assets of the Growth Fund have been substantially increased by existing shareholders adding to their previous investment with new deposits, taking advantage of a "dollar averaging" opportunity that presented itself during the year.

The action of your Directors in the fiscal year, as authorized at a Special General Meeting on September 14, 1965, in issuing a further 40,000,000 shares in the Fund has proved fully justified. Otherwise, the growth of the Fund would have been restricted as the existing limit of shares would have been taken up.



Share Price and Earnings Performance

While the asset value per share declined from \$8.59 to \$8.20, this was a drop considerably less than that experienced by the stock market generally. Despite this decline in share values, over the long term your Fund shares have been steadily increasing in value from the \$5 per share at inception eight years ago. During the same period \$1.42½ per share has been distributed in dividends.

The Growth Fund's 1966 dividend payment is 21 cents per share, the same as the previous year. Automatically reinvested in new shares, compounded dividends have effectively increased the overall rate of return of the shareholders.

The following table serves to illustrate the exact year-by-year experience of a share of Investors Growth Fund since its inception.

It will be noted that the base price is the asset value per share.

		Asset Value	Dividend	Dividend Yield	Capital Gain	Total Gain
December 2, 1957		\$5.000	(Commencement of Fund)			
August 31, 1958		5.569	\$.06½	1.30%	11.38%	12.68%
August 31, 1959		6.274	.10½	1.88	12.65	14.53
August 31, 1960		5.696	.14½	2.31	(-) 9.21	(-) 6.90
August 31, 1961		6.970	.15	2.63	22.36	24.99
August 31, 1962		6.191	.16	2.29	(-) 11.18	(-) 8.89
August 31, 1963		6.860	.18	2.90	10.80	13.70
August 31, 1964		8.137	.20	2.91	18.61	21.52
August 31, 1965		8.590	.21	2.58	5.56	8.14
August 31, 1966		8.200	.21	2.44	(-) 4.54	(-) 2.10

Dividends declared by Investors Growth Fund are automatically reinvested. The cumulative gain and compounded dividend return experienced by the Fund since its inception is equivalent to 8.01% average annual compound growth.

Portfolio Management

The experience of the past fiscal year has shown the value of a high quality securities portfolio in your Growth Fund. By sticking to its main principle, which is to provide shareholders with long-term growth of capital, the portfolio has withstood some of the severe buffetings of the stock market variations.

A complete list of the securities held at Aug. 31, 1966 will be found on Page 19. The portfolio will show a wide diversification of common stocks, with the emphasis continuing to be on securities with solid growth value.

The managers of your Fund disposed of 20 securities from the portfolio during the fiscal year. They added 26 new securities, particularly in the durables manufacturing field, transportation, chemicals and textiles, and the oil and gas sector.

By building up and maintaining a high liquid cash position in times of stock market peaks, your management was able to take advantage of attractive investing opportunities at times of price slumps. This was especially true since July, 1966 when sound stocks have been acquired at extremely favourable rates.

As part of the policy to concentrate on securities with a good future, market value holdings are up in the fields of

Investors GROWTH FUND OF CANADA LTD.

chemicals & textiles, drugs & cosmetics, electrical & electronics, food & retail, office equipment, oil & gas, public utilities, pulp & paper, transportation, and metal, mining & refining. Market value holdings declined during the year on banks, beverages, construction & materials, financial, pipe lines, steel, and durables manufacturing securities of a less stable nature.

Investment in substantial U.S. companies possessing good growth potential was increased during the year and by year-end represented 21.8 per cent of the total portfolio assets.

On an industry basis, the largest holdings in terms of percentage of total assets are as follows:

Metal Mining & Refining	15.9%
Public Utilities	10.0
Oil & Gas	9.2
Food & Retail	9.0
Office Equipment	7.4

During the fiscal year there was a substantial purchase of International Business Machines Corp. stock, to the extent it is now the largest single holding in the portfolio—representing 3.46 per cent of total assets. There was also a big addition to Consumers' Gas Company stock holdings so that it represented at the end of the fiscal year 3.14 per cent of assets. Following these were Imperial Oil (2.81%), Falconbridge Nickel Mines (2.58%) and International Nickel Company of Canada (2.49%).

Investment Services

There are a number of special services and concessions available to Investors Growth Fund shareholders.

An area of rapidly increasing popularity is the Accumulation Plan, which permits new shareholders to make regular purchases of shares in amounts as low as \$15 a month. By the end of the fiscal year there were 13,382 participants in the Plan, a 46.7 per cent increase over the close of the previous year.

Through the Growth Fund's association with The Investors Group, shareholders have the unique privilege of transferring their share holdings—without charge—into the shares of Investors Mutual Fund or Investors International Mutual Fund, or into the guaranteed Single Payment and Annuity Certificates of Investors Syndicate Limited.

Another area that has proved attractive is the use of the Investors Growth Fund as an investment medium for Registered Retirement Savings Plans. Up to 20 per cent of a Canadian tax payer's earned income, with an annual maximum of \$2,500, may be exempt from tax when paid into a Registered Retirement Savings Plan by persons who are not members of an employer-sponsored pension plan. A member of an employer-sponsored pension plan can deduct his contributions to both the pension plan and a Registered Retirement Savings Plan, to the extent that the combined contributions do not exceed either 20 per cent of his earned income or \$1,500.

Full details concerning these additional services may be obtained from the Company head office or its representatives.

Economic Outlook

The past year has been basically a good one for the economies of Canada and the United States. Although there are areas of particular concern such as the strong need for price and cost stability, economic conditions have been in an extremely buoyant state.

Canada enjoyed a healthy business growth during 1965, with many businesses reporting record high profits. This upward trend continued into the early part of this year. The growth was sustained by heavy capital expenditures on new plant and equipment as companies endeavoured to expand productive capacity.

Difficulty arose, however, when capital investment funds became in short supply as governments at all levels also embarked on vast and costly capital projects of a non-productive nature, such as Expo 67 in Montreal and Canada-wide Centennial projects aimed for completion in 1967. Money for business development became expensive under these conditions and as the federal governments in both Canada and the U.S. introduced modified tight money policies aimed at restricting the demand for new financing.

Despite these monetary measures, the demand for expansion funds has continued unabated. There is some indication that the federal government will attempt to take the steam out of the capital development splurge through higher taxation levels. Such proposals have aroused controversy among economists, many of whom believe that business and industry should be allowed to continue to expand their productive capacity at this time so that they will be in a

position to meet future demands for materials and products. The expansive-minded economists believe the restraints would be more fruitful at this stage of Canada's economic development if they were imposed on federal, provincial and municipal government spendings — which are, by and large, of a service or welfare nature.

The vigour of the economy has resulted in a sharp increase in employment. Despite the arrival on the labor market of the products of the post-war "baby boom" and heavier immigration this year, the economy has seen the unemployment rate drop.

A result of this condition of near full employment has been a widespread upgrading of salaries and wages. In some cases these increases have been the result of employees endeavouring to catch up with general rates of pay and a rising cost of living. In others, employers faced with shortages of skilled employees were competing to obtain or retain the skilled help they needed to maintain a good level of productivity.

A consequence has been a rapid rise in disposable personal income in Canada. Besides showing a great willingness to spend their new-found money, Canadians continue to set an enviable record for savings and are showing a considerable eagerness to invest in the common stock equities of Canadian companies through the avenue of mutual funds, which action will help to restore Canadian ownership of many of our primary and manufacturing enterprises.

The U.S. has had some success with its program of persuasion against unduly high price and wage increases. Great Britain, on the other hand, had to resort to the harsh extreme of a complete wage and price freeze to curb inflationary trends in that country.

Investors GROWTH FUND OF CANADA LTD.

Unless production costs in Canadian primary and manufacturing industries are kept to reasonable levels, or higher wages matched by an equivalent rise in productivity, Canada runs a very real danger of pricing its goods out of international markets.

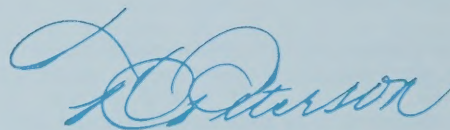
At present Canada is enjoying a very successful level of international trade. The gap between merchandise exports and imports was narrowed considerably, which is all the more noteworthy as it occurred during an expansionary period in which Canadian industry continued to import machinery and goods to increase productive capacity.

Two areas of huge potential wealth are potash exports to the U.S. and Europe and the record level of wheat exports to China and the Soviet Union, which will give a long-range stability to the economy of the prairie provinces. The effects of these exports will be felt throughout the nation besides being a considerable help to Canada's balance of payments situation.

Equally beneficial to the economy is this year's record prairie wheat crop, reliably estimated at an all-time high of over 800 million bushels.

If firm measures are taken to curb current inflationary trends and at the same time encouragement is given to development of better productive capacity, the Canadian economy should continue to prosper. There is a great deal of steam left in the economy to maintain the remarkable pace of growth of the past five years. Improved management practices would be a big help in achieving this objective.

Investors Growth Fund will continue to improve and expand its services. The market experience of the past year can be considered as a short-term setback providing sound long-term investing opportunities, which have been put to work to the future advantage of the Company's shareholders.



Chairman of the Board

We have examined the balance sheet of Investors Growth Fund of Canada Ltd. as at August 31, 1966 and the statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of net income from investments, unrealized appreciation of investments, premium on shares and earned surplus present fairly the financial position of the company as at August 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Plender, Haskins & Sells
Peat, Marwick, Mitchell & Co.
Chartered Accountants

Winnipeg, Manitoba,
September 21, 1966.

Auditors Report to the Shareholders

(Under the provisions of the Canada Corporations Act)

Investors

GROWTH FUND OF CANADA LTD.

(Incorporated under the Canada Corporations Act)

Balance Sheet

As At August 31

	1966	1965
Investments in securities — at market value:		
Canadian Government bonds	\$ 2,913,475	\$ 3,229,938
Canadian preferred stocks	1,623,974	757,004
Canadian common stocks	97,022,077	82,381,466
United States and other foreign bonds	2,013,443	—
United States and other foreign preferred stocks	316,244	—
United States and other foreign common stocks	29,828,995	21,744,071
	<u>133,718,208</u>	<u>108,112,479</u>

The cost of the investments in
securities as at August 31, 1966
was \$124,513,030
(1965 \$86,176,266)

Current assets:

Cash on deposit and in transit	1,618,272	1,853,747
Demand Notes — at market value	4,343,944	5,335,705
Accrued interest and dividends receivable	551,800	421,298
Due from brokers	746,774	3,588
	<u>7,260,790</u>	<u>7,614,338</u>
	<u>\$140,978,998</u>	<u>\$115,726,817</u>

LIABILITIES

Current liabilities:

Payable to brokers	
Dividend payable	
Accounts payable and accrued expenses	
Income taxes payable	

1966

\$ 663,115

3,498,080

105,949

104,278

4,371,422

1965

\$ —

2,757,797

77,598

86,697

2,922,092

Shareholders' Equity:

Common shares — authorized and issued

1,000 shares of \$1 par value	
Special shares of \$1 par value:	

1,000

1,000

	Shares—1966	Shares—1965
Authorized		
(Note)	60,000,000.000	20,000,000.000
Redeemed	7,316,589.890	6,306,461.573
	52,683,410.110	13,693,538.427

Outstanding ..	16,656,797.809	13,131,367.202
Premiums received on shares issued less		
premiums paid on shares redeemed	99,239,500	71,132,867
Earned surplus	11,505,788	6,609,260
Unrealized appreciation of investments	9,204,490	21,930,231

16,656,798

99,239,500

11,505,788

9,204,490

136,607,576

13,131,367

71,132,867

6,609,260

21,930,231

112,804,725

\$140,978,998

\$115,726,817

Note:

During the year the company obtained Supplementary Letters Patent authorizing an additional 40,000,000 special shares of \$1.00 par value per share.

Approved on behalf of the Board

D. Peterson

Director

R. K. Harrison

Director

Investors

GROWTH FUND OF CANADA LTD.

Statement of Net Income from Investments

	Year Ended August 31	
	1966	1965
Income:		
Dividends	\$ 3,401,038	\$ 2,828,017
Bond interest	642,663	414,787
Proceeds of sale of stock subscription rights	—	33,193
	<u>4,043,701</u>	<u>3,275,997</u>
Expenses:		
Management fees	689,691	541,731
Custodian fees	11,279	10,424
Directors' fees	4,307	4,600
Audit fees	2,750	2,500
Printing, postage and stationery	20,562	16,625
Miscellaneous	1,201	806
	<u>729,790</u>	<u>576,686</u>
Income before provision for income taxes	3,313,911	2,699,311
Provision for income taxes	<u>218,318</u>	<u>186,996</u>
Net income from investments (excluding profits and losses realized on sale of investments)	<u>\$ 3,095,593</u>	<u>\$ 2,512,315</u>

Statement of Earned Surplus

Balance available for distribution at beginning of year	\$ 6,609,260	\$ 2,262,078
Transfer from premium on shares to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	430,805	188,368
Profit realized on sale of investments	4,868,210	4,404,296
Net income from investments	<u>3,095,593</u>	<u>2,512,315</u>
Total available for distribution	15,003,868	9,367,057
Dividend declared	<u>3,498,080</u>	<u>2,757,797</u>
Balance available for distribution at end of year	<u>\$ 11,505,788</u>	<u>\$ 6,609,260</u>

Year Ended August 31

	1966	1965
Balance at beginning of year	\$ 71,132,867	\$ 59,562,066
ADD:		
Proceeds of sale of 4,535,558.924 (1965 - 2,591,550.623) special shares of capital stock less \$1 per share credited to capital stock	39,061,488	21,077,430
	<u>110,194,355</u>	<u>80,639,496</u>
DEDUCT:		
Redemption value of 1,010,128.317 (1965 - 1,045,378.901) special shares redeemed less \$1 per share charged to capital stock	8,235,384	7,977,390
Commission paid on sale of shares	2,288,666	1,340,871
Transfer to earned surplus to equalize the equity per share in the amount available for dividends in respect of special shares sold and redeemed during the year	430,805	188,368
	<u>10,954,855</u>	<u>9,506,629</u>
Balance at end of year	<u><u>\$ 99,239,500</u></u>	<u><u>\$ 71,132,867</u></u>
Balance at beginning of year	\$ 21,930,231	\$ 20,884,629
Unrealized appreciation (depreciation) for the year	<u>(12,725,741)</u>	<u>1,045,602</u>
Balance at end of year	<u><u>\$ 9,204,490</u></u>	<u><u>\$ 21,930,231</u></u>

Statement of
Premium on Shares

Statement of
Unrealized Appreciation
of Investments

Record of a Continuous Investment Program

\$1,000 INITIAL INVESTMENT — \$100 PER MONTH

Investors Growth Fund shareholders may start accounts on a relatively moderate basis and increase their accounts by making regular purchases of additional shares to reach their objectives.

The following illustration is based on an assumed initial investment of \$1,000 on December 2, 1957, and subsequent investment of \$100 per month with dividends re-invested in shares.

					VALUATION OF ACCOUNT		
					AT AUGUST 31, 1966		
Year	Cash Investment	Dividends Reinvested	Shares Credited	Accumulated Shares			
1957	\$1,000	\$ —	184.843	184.843			
1958	1,200	21.21	210.026	394.869			
1959	1,200	53.68	186.175	581.044			
1960	1,200	102.94	213.401	794.445			
1961	1,200	136.18	185.760	980.205			
1962	1,200	174.39	197.948	1,178.153			
1963	1,200	231.43	194.114	1,372.267			
1964	1,200	293.45	175.477	1,547.744			
1965	1,200	342.77	166.186	1,713.930			
1966	800	376.98	127.179	1,841.109			
					Redemption value		
					1,841 shares x \$8.200	15,096.20	
					Original Investment	\$1,000	
					Monthly Purchases	10,400	11,400.00
					Total net gain		\$ 3,696.20

Dollar Cost Averaging

Dollar-cost averaging is the name given to purchasing shares on a regular, systematic basis. When market dips occur, this system can be par-

ticularly profitable to shareholders. A booklet dealing with the subject is available from the company.

Investors

GROWTH FUND OF CANADA LTD.

Principal objective — Long term growth of invested capital

Illustration of a Lump Sum Investment

This graph shows the record of an assumed investment of \$10,000 in shares of Investors Growth Fund on December 2, 1957 with all dividends reinvested.



AUG. 31, '58 AUG. 31, '59 AUG. 31, '60 AUG. 31, '61 AUG. 31, '62 AUG. 31, '63 AUG. 31, '64 AUG. 31, '65 AUG. 31, '66

\$10,414

11,791

10,797

13,161

11,739

13,013

15,410

16,266

15,157

Value of original investment

—

136

313

726

914

1,375

2,076

2,645

3,358

Value of shares purchased with reinvested dividends

10,414

11,927

11,110

13,887

12,653

14,388

17,486

18,911

18,515

TOTAL VALUE

Investors GROWTH FUND OF CANADA LTD.

Benefits and Services to Shareholders of Investors Growth Fund

Shareholders of Investors Growth Fund have the benefit of many valuable and helpful services provided by The Investors Group. It has been the continuing policy of the Company to place emphasis on the development of such services to meet the needs and convenience of the clients whom it serves. Among the services and privileges extended to you as a shareholder are the following:

FREE RE-INVESTMENT OF DIVIDENDS

Dividends from investment income are automatically re-invested, without a sales charge, to purchase additional shares which are credited to your account. This compounding action provides an additional growth factor.

REDUCED SALES CHARGE

The purchase amounts of all of your investments in mutual funds managed by The Investors Group are added together to reduce the sales charges on further purchases. Family purchases (by spouse and children under 21) are included with your own in determining total purchases.

FREE TRANSFER OF INVESTMENTS

If your investment objective changes, you may transfer, without charge, your entire account or part of it to shares of one of the other mutual funds managed by The Investors Group. If you wish to hold, either temporarily or permanently, an investment having guaranteed cash values you may transfer into a guaranteed Single Payment Certificate of Investors Syndicate Limited.

FRACTIONAL SHARES

Shares are issued in full and fractional amounts so that any sum of money may be fully invested, thus avoiding any un-applied balance.

TAX-DEDUCTIBLE RETIREMENT PLANS

The Income Tax Act provides that shareholders of Investors Growth Fund may purchase shares of the Fund and "register" them to qualify for tax deductions under certain conditions. If you would like to build up an annuity fund or supplement your existing pension plan, we will be pleased to supply you with complete information.

SYSTEMATIC ACCUMULATION PLANS

Amounts as low as \$15.00 a month may be invested in plans having ten, fifteen or twenty-year maturities. These plans provide a desirable method of accumulating money for specific purposes. Optional low-cost insurance coverage may be purchased with these plans.

PROMPT REDEMPTION

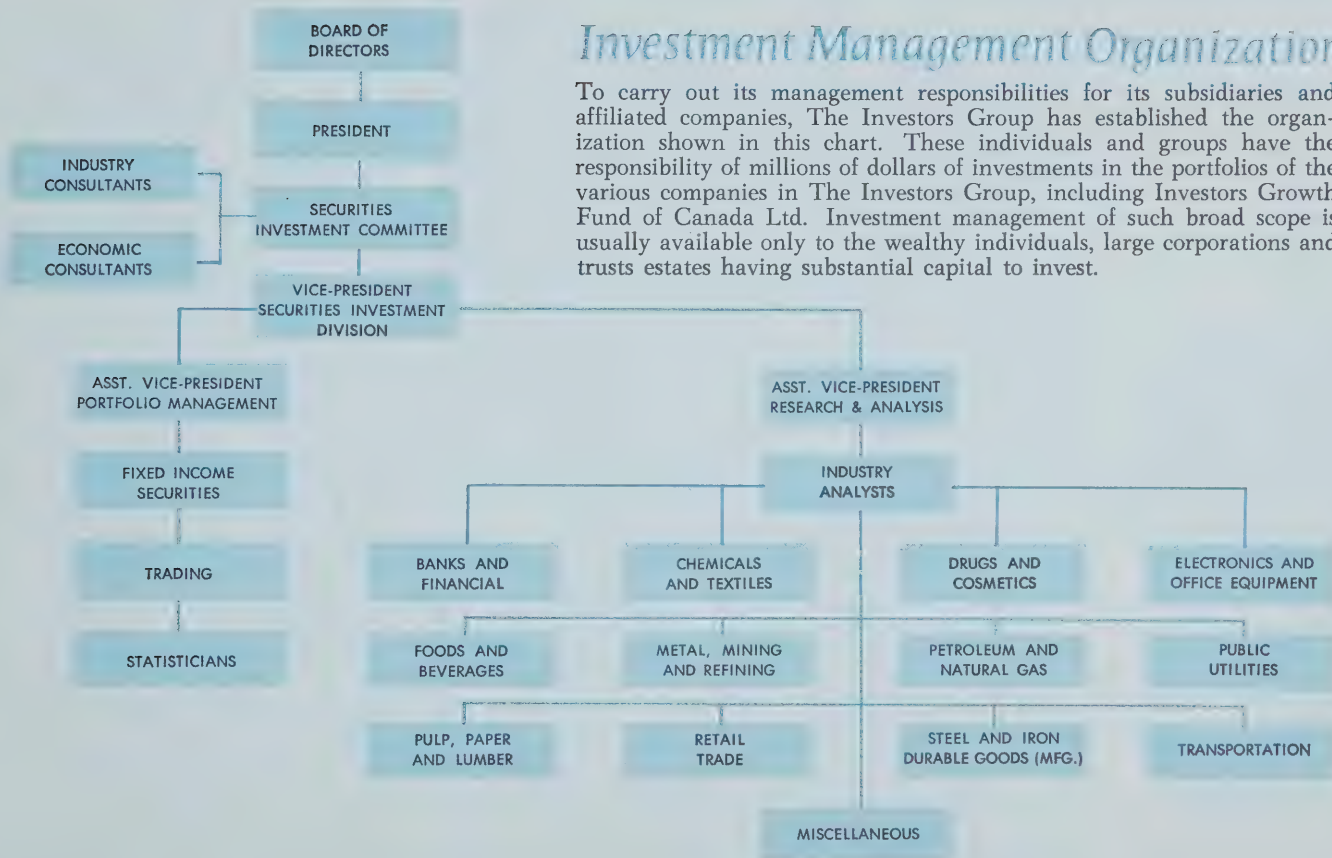
Investors Growth Fund agrees to redeem any or all of your shares at the net asset value per share as of the close of business on the day following receipt of your request.

STATEMENT OF ACCOUNTS

You will receive an annual statement of account covering all transactions for the year. In addition, you will receive annual and quarterly reports to keep you informed of Fund activities.

Investment Management Organization

To carry out its management responsibilities for its subsidiaries and affiliated companies, The Investors Group has established the organization shown in this chart. These individuals and groups have the responsibility of millions of dollars of investments in the portfolios of the various companies in The Investors Group, including Investors Growth Fund of Canada Ltd. Investment management of such broad scope is usually available only to the wealthy individuals, large corporations and trusts estates having substantial capital to invest.

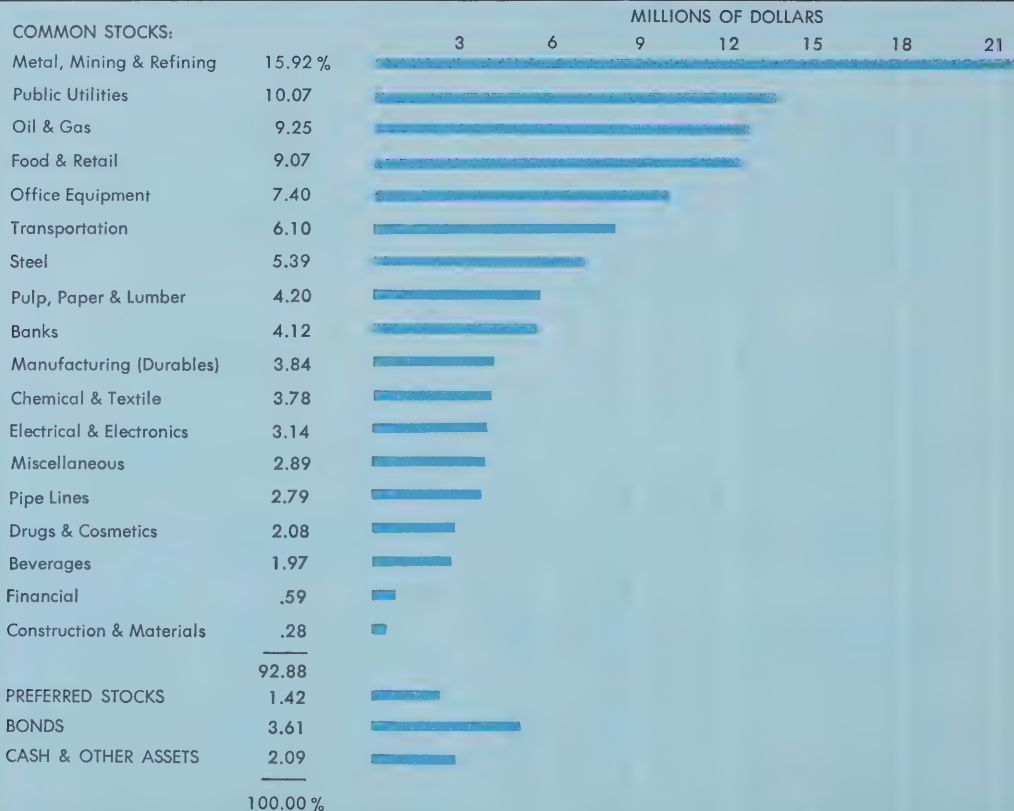


Investors

GROWTH FUND OF CANADA LTD.

Diversification of Assets

AUGUST 31, 1966



Investment in Securities – August 31, 1966

Common Stocks (92.88%)

BANKS (4.12%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Bank of Montreal	10,425	\$ 578,588	\$ 4.24
The Bank of Nova Scotia	10,905	719,730	5.27
Banque Canadienne Nationale	10,820	622,150	4.55
Canadian Imperial Bank of Commerce	44,410	2,542,473	18.61
The Royal Bank of Canada	16,965	1,166,344	8.54
		5,629,285	41.21

BEVERAGES (1.97%)

Hiram Walker-Gooderham & Worts Limited	31,100	870,800	6.37
Distillers Corporation-Seagrams Limited	61,850	1,824,575	13.36
		2,695,375	19.73

CHEMICAL and TEXTILE (2.78%)

*Burlington Industries, Inc.	27,400	1,027,253	7.52
*Celanese Corporation of America	21,625	1,357,034	9.93
Chemcell (1963) Limited	17,200	223,600	1.64
Dominion Textile Co.	45,400	1,316,600	9.64
Du Pont of Canada Limited	20,875	835,000	6.11
*Rexall Drug & Chemical Company Limited	14,000	411,992	3.02
		5,171,479	37.86

CONSTRUCTION and MATERIALS (.28%)

Canadian Cement Company, Limited	9,725	376,844	2.75
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DRUGS and COSMETICS (2.08%)

*Bristol-Myers Company	8,100	818,505	5.99
*Max Factor & Co. "A"	13,400	507,780	3.72
*Revlon Inc	13,500	613,157	4.49
*Richardson-Merrell Incorporated	4,500	302,949	2.22
*Syntex Corporation	7,500	596,625	4.36
		2,839,016	20.78



Common Stocks (Continued)

ELECTRICAL and ELECTRONICS (3.14%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
FPE—Pioneer Electric Limited Class "A"	71,910	\$ 1,042,695	\$ 7.63
*Litton Industries, Inc.	19,955	1,423,849	10.42
*Sperry Rand Corporation	60,000	1,822,140	13.34
		4,288,684	31.39

FINANCIAL (.59%)

*Investors Diversified Services, Inc. Class "A"	26,655	802,316	5.87
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FOOD and RETAIL (9.07%)

Dominion Stores Limited	85,375	1,622,125	11.88
*S. S. Kresge Company	20,000	838,500	6.14
M. Loeb Limited	100,000	1,225,000	8.97
Oshawa Wholesale Limited Class "A"	72,875	1,785,438	13.07
Simpsons Limited	61,000	1,662,250	12.18
Steinbergs Limited Class "A"	74,000	1,554,000	11.37
George Weston Limited Class "A"	61,855	1,097,926	8.04
George Weston Limited Class "B"	70,070	1,357,606	9.93
Zellers Limited	51,800	1,243,200	9.10
		12,386,045	90.68

MANUFACTURING (Durables) (3.84%)

*A.C.F. Industries Incorporated	15,000	681,285	4.99
*Boeing Company	15,750	914,288	6.69
*Boeing Company — Rights	15,750	5,292	.04
Canada Iron Foundries, Limited	50,000	962,500	7.04
*Chrysler Corporation	20,397	844,191	6.18
*Indal Canada Limited	37,500	172,500	1.26
Massey-Ferguson Limited	61,290	1,670,153	12.23
		5,250,209	38.43



Common Stocks (Continued)

METAL MINING and REFINING (11.02%)

	No of Shares	Market Value	Portfolio Distribution Per \$1,000
Alcan Aluminium Limited	97,825	\$ 2,910,294	\$ 21.31
Anglo American Corporation of Canada Limited	205,776	2,057,760	15.06
Denison Mines Limited	32,625	1,773,984	12.99
Falconbridge Nickel Mines, Limited	39,850	3,526,725	25.82
*International Minerals and Chemicals Corporation	16,000	930,944	6.82
*The International Nickel Company of Canada Limited	39,865	3,403,474	24.92
Leitch Gold Mines Limited	8,000	42,000	.31
Noranda Mines Limited	54,475	2,648,847	19.39
Opemiska Copper Mines (Quebec) Limited	65,000	620,750	4.54
Patino Mining	11,900	123,463	.90
Placer Development Limited	100,000	2,275,000	16.66
*Texas Gulf Sulphur Company, Incorporated	16,100	1,430,034	10.47
		21,743,275	159.19

MISCELLANEOUS (2.89%)

Investors International Mutual Fund Ltd.	43,225	224,292	1.64
MacLean-Hunter Publishing Company Limited ..	25,000	781,250	5.72
*Pol��roid Corporation	6,500	1,044,635	7.65
Thomson Newspaper Limited	113,700	1,890,263	13.83
		3,940,440	28.84

OFFICE EQUIPMENT (7.40%)

*International Business Machines Corporation ..	13,727	4,729,473	34.62
Moore Corporation	41,930	3,322,953	24.33
*Xerox Corporation	10,800	2,060,780	15.08
		10,113,206	74.03



Investors

GROWTH FUND OF CANADA LTD.

Common Stocks (Continued)

OIL and GAS (9.25%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
The British American Oil Company Limited	44,300	\$ 1,273,625	\$ 9.32
Home Oil Company Limited Class "A"	29,820	607,583	4.45
Home Oil Company Limited Class "B"	21,400	449,400	3.29
Husky Oil Canada Ltd.	115,000	1,394,375	10.21
Imperial Oil Limited	74,870	3,837,088	28.09
Jefferson Lake Petrochemicals	30,490	796,551	5.83
Shell Canada Limited Class "A"	150,000	2,943,750	21.55
Texaco Canada Limited	24,240	1,333,200	9.76
		<u>12,635,572</u>	<u>92.50</u>

PIPE LINES (2.79%)

The Alberta Gas Trunk Line Company Limited Class "A" ..	58,975	1,850,341	13.55
The Alberta Gas Trunk Line Company Limited Class "A" Warrants	50,000	322,500	2.36
Interprovincial Pipe Line Company	9,715	731,054	5.35
Westcoast Transmission Company Limited	36,900	899,438	6.58
		<u>3,803,333</u>	<u>27.84</u>

PUBLIC UTILITIES (10.07%)

The Bell Telephone Company of Canada	39,808	1,985,424	14.53
British Columbia Telephone Company	18,225	1,093,500	8.01
Calgary Power Ltd.	112,600	2,617,950	19.17
The Consumers' Gas Company	292,850	4,282,931	31.35
*General Telephone & Electronics Corporation	23,200	972,660	7.12
Northern and Central Gas Company Limited	81,600	907,800	6.65
Union Gas Company of Canada, Limited	184,890	1,895,123	13.87
		<u>13,755,388</u>	<u>100.70</u>



Common Stocks (Continued)

PULP, PAPER and LUMBER (4.20%)

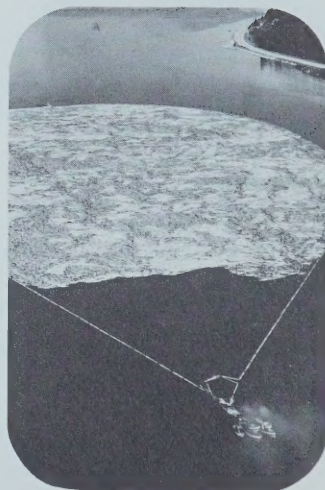
	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Abitibi Paper Company, Ltd.	145,340	\$ 1,526,070	\$ 11.17
Domtar Limited	51,112	868,904	6.36
The Great Lakes Paper Company, Limited	50,650	1,177,613	8.62
MacMillan Bloedel and Powell River Limited	71,641	1,764,160	12.91
Price Brothers & Company, Limited	30,000	397,500	2.91
		<u>5,734,247</u>	<u>41.97</u>

STEEL (5.39%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
The Algoma Steel Corporation, Limited	61,100	1,588,600	11.63
Dominion Foundries and Steel Limited	119,420	2,552,603	18.69
The Steel Company of Canada, Limited	141,437	3,217,692	23.55
		<u>5,358,895</u>	<u>53.87</u>

TRANSPORTATION (6.10%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Canada Steamship Lines, Limited	7,600	258,400	1.89
Canadian Pacific Railway Company	43,000	2,375,750	17.39
*Eastern Air Lines Inc.	7,500	589,568	4.32
*National Airlines, Incorporated	5,400	375,149	2.75
*Delta Airlines, Inc.	15,600	1,605,724	11.75
*Northwest Airlines, Inc.	20,000	1,978,000	14.48
*Western Air Lines, Incorporated	24,000	1,144,872	8.38
		<u>8,327,463</u>	<u>60.96</u>
TOTAL COMMON STOCKS		<u>126,851,072</u>	<u>928.60</u>



Preferred Stocks (1.42%)

	No. of Shares	Market Value	Portfolio Distribution Per \$1,000
Indal Canada Limited "B" Pfd. 6% Cum. \$10.00 P.V.	15,000	\$ 150,000	\$ 1.10
Indal Canada Limited "A" Pfd. 6% Cum. \$10.00 P.V.	60,000	600,000	4.39
*Litton Industries Inc.	4,279	316,244	2.31
M. Loeb Limited Series "A" 5¼% Cum. Red. Con. \$50.00 P.V.	15,000	750,000	5.49
MacMillan, Bloedel and Powell River Limited	17,910	15,224	.11
Northern and Central Gas Company Limited \$1.06 Cum. Red. Con. \$25.00 P.V.	5,000	108,750	.80
TOTAL PREFERRED STOCKS		1,940,218	14.20

Bonds (3.61%)

GOVERNMENT OF CANADA (2.13%)

	Face Amount		
4½% due: 12-15-66	\$ 500,000	498,725	3.65
4¼% due: 6-1-67	500,000	494,750	3.62
4¼% due: 1-15-68	500,000	488,750	3.58
5 % due: 6-1-71	500,000	476,250	3.48
5½% due: 4-1-76	1,000,000	955,000	6.99
		2,913,475	21.32

OTHER BONDS (1.48%)

*Pepsico Overseas Corporation 4½% due: 3-1-81	407,000	388,302	2.84
*Clark Equipment Overseas Corporation 4½% due: 3-1-81	1,838,000	1,625,141	11.89
		2,013,443	14.73

TOTAL BONDS

4,926,918 36.05

TOTAL INVESTMENTS

133,718,208

CASH AND OTHER ASSETS (Net)

2,889,368 21.15

TOTAL NET ASSETS

\$136,607,576 \$1,000.00

*United States and other foreign investments — valued as follows:

Market value — converted at the selling exchange rate as at August 31, 1966.



THE
Investors
GROUP

Shares of Investors Growth Fund are distributed by Investors Syndicate Limited. The investment manager is The Investors Group which currently has in excess of \$1,200,000,000 under its administration.

Subsidiaries and affiliates of The Investors Group include:

INVESTORS SYNDICATE LIMITED

Face amount savings certificates — which provide for the guaranteed accumulation of a specific sum of money over a stated period and may be purchased either by a series of payments over a period of years or a single, lump-sum investment.

INVESTORS TRUST COMPANY

A complete trust service, including personal and corporate trusteeships, estate planning, estate and agency administration, guaranteed investment certificates, and a complete pension service, including consultation, trusteeship, administration and investment management.

INVESTORS MUTUAL OF CANADA LTD.

A balanced mutual fund whose objectives stress income, protection of invested capital and long-term capital appreciation.

INVESTORS GROWTH FUND OF CANADA LTD.

A mutual fund emphasizing equity securities and whose principal objective is the long-term growth of invested capital.

INVESTORS INTERNATIONAL MUTUAL FUND LTD.

A mutual fund designed to give the investing public the opportunity to share in the long-term growth potential of the foreign investment scene.

The Four Cornerstones for Sound Personal Money Management

The Investors Group believes that a well-balanced investment program consists of:

1

A BANK CHEQUING OR SAVINGS ACCOUNT

These are spending dollars rather than long-term savings accounts. The money deposited is generally for current living needs, or for short-term emergencies or opportunities.

2

ADEQUATE LIFE INSURANCE

For family or business protection in the event of premature death.

3

GUARANTEED DOLLARS

Provided by Investors Syndicate guaranteed investment certificates to assure the success-minded of a specific amount of money in a stated number of years for definite worthwhile purposes.

4

GROWTH DOLLARS

Money soundly invested in a selected and diversified list of common stocks through any of Investors' three mutual funds. Because their growth reflects the development of the country's economy, the mutual funds provide an excellent hedge against inflation.